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Progress report on the implementation of a flexible workplace at United Nations Headquarters

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the progress report of the Secretary-General on the implementation of a flexible workplace at United Nations Headquarters (see A/73/370 and A/73/370/Corr.1). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 27 November 2018.

2. The report of the Secretary-General is submitted pursuant to General Assembly resolution 72/262 A, in which the Assembly requested the Secretary-General, inter alia, to continue with the implementation of flexible workplace strategies in New York in 2018, to seek complementarities between flexible workplace strategies and flexible working arrangements and to update the Secretary-General's bulletin on flexible working arrangements.

II. Project status and impact on productivity

3. The report indicates that, as at August 2018, a flexible workplace had been implemented on 14 floors of the Secretariat Building, including one floor in the process of reconfiguration. To date, the project had resulted in additional capacity of 690 staff in the Secretariat Building and had enabled the organization to terminate three leases in commercial buildings as planned (the Daily News, United Nations Federal Credit Union and Innovation Buildings). It is further indicated that in early 2018, primarily to enable the moves required for the Innovation Building to be vacated, the 7th floor of the Secretariat Building was added to the project within the same overall project cost estimate (see A/73/370 and A/73/370/Corr.1, paras. 5 and 6 and table 1).

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4. Paragraph 29 of the report indicates that, while the previous report of the Secretary-General estimated that the project would deliver total additional capacity for 1,154 staff members, the addition of the 7th floor would result in an estimated total additional capacity for 1,222 staff members, representing an increase of 68. Upon enquiry, the Advisory Committee was provided with the table below showing the changes in workspace and capacity prior to and after the project.

Table 1
Changes in workspace and capacity prior to and after the flexible workplace project[a]

Description	*Pre-project*	*Projected post-project*	*Projected gains*
Workspace[b]	2 285	3 265	980
Capacity[c]	2 285	3 507	1 222

[a] For comparison purposes, only the number of workplaces on those floors planned for implementation of a flexible workplace are shown.
[b] Number of individual physical spaces available for staff to use for work, including unassigned and assigned spaces.
[c] Number of staff that can be accommodated. In a flexible workplace, the capacity is greater than the number of workspaces, given the use of unassigned workspaces, as not all staff would be at the desks or in the office throughout every working day.

5. **The Advisory Committee welcomes the progress made in the implementation of the flexible workplace project. The Committee trusts that future reports of the Secretary-General will include information on actual occupancy, in addition to capacity, on flexible workplace floors before and after implementation.**

6. The Secretary-General states that the project entails ongoing engagement with users, through which lessons are continually being gathered from all floors where a flexible workplace has been implemented and, when deemed necessary, adjustments are made and incorporated into the implementation of subsequent phases. Once staff have occupied flexible workplace floors, the report states that continued engagement remains key to ensuring that any issues are identified, addressed and taken into account in the future implementation of the project (see A/73/370 and A/73/370/Corr.1, paras. 8 and 9). **The Advisory Committee trusts that the Secretary-General will continue to review the implementation of the project, including space utilization on flexible workplace floors, in order to build on the lessons learned and improve the next phases of implementation.**

7. The report also indicates that a study was conducted in May 2018 of the occupants of floors 12, 14, 20 and 21 of the Secretariat Building, using the same combination of an online workplace satisfaction survey, on-site observation of the floors concerned and focus group discussions that had been utilized in 2017. The survey had a response rate of around 50 per cent, while the focus group sessions involved 20 participants. The report indicates that workplace satisfaction is used as a proxy for productivity, and the main finding of the survey was that the overall score for staff satisfaction and workplace effectiveness as measured by the workplace performance index continued to rise. It is also stated that senior management perceived an increase in overall team productivity, whereas mid-level managers perceived a slight decrease (see A/73/370 and A/73/370/Corr.1, paras. 10–13 and 16). **The Advisory Committee notes again that an assessment of the impact of a flexible workplace on productivity has not been made and reiterates that methodologies could be developed that would be applicable to different offices, functions and levels (see A/72/7/Add.29, para. 7). The Committee recalls the**

request of the General Assembly in resolution 72/262 A that reliable qualitative and quantitative benefit indicators, as well as other factors for the improvement of overall productivity and staff well-being, should be provided in the report of the Secretary-General. Taking this into account, the Advisory Committee recommends that the General Assembly request the Secretary-General to arrange for an independent evaluation of the flexible workplace project, including its impact on productivity and staff well-being, and lessons learned, with the results of the evaluation to be included in his next progress report.

III. Flexible working arrangements

8. The report states that the number of staff across the Secretariat availing themselves of flexible working arrangements in 2017 was approximately 4,100. Upon enquiry, the Advisory Committee was informed that, of the 4,100 staff, 1,365 were in the Secretariat in New York. The report also states that the Secretary-General's bulletin on flexible working arrangements has been revised to allow managers and staff to use telecommuting arrangements in a way that is most suitable to their work context, which includes but is not limited to working from a remote location for a period of up to six months, with the understanding that the authorization to telecommute will not alter the manner in which staff members are managed and evaluated. The revised Secretary-General's bulletin on flexible working arrangements is due to be promulgated by the end of 2018 (see A/73/370 and A/73/370/Corr.1, paras. 18 and 19).

9. Paragraph 21 of the report indicates that, among staff who work within a flexible workplace, there is a noticeable increase in the use of telecommuting, owing to a number of aspects of a flexible workplace that facilitate telecommuting, such as the use of laptop computers, electronic communications and web-based applications. Upon enquiry, the Advisory Committee was informed that the revisions to the Secretary-General's bulletin currently being considered included remote telecommuting for a period of up to six months with an exceptional extension for three months. The Committee was also informed that remote telecommuting would not trigger a change of post adjustment or the payment of entitlements associated with assignment to a different duty station, such as travel to the new duty station, installation of the staff member and eligible family members or shipment of personal effects.

10. The Advisory Committee was further informed upon enquiry that the bulletin would also be revised to introduce more flexibility to accommodate staff with special needs. **The Advisory Committee trusts that the revised bulletin will take into account all staff with special needs.**

11. The Advisory Committee also recalls that it has made observations and recommendations on accessibility for persons with disabilities in previous reports (see, for example, A/73/458).

IV. Project costs and plan

12. The report indicates that the project team developed the requirements for a construction contract and a systems furniture contract, both tailored to the needs of the project, using modular designs with fixed prices for design elements for the Secretariat Building floors that could be added or subtracted or otherwise adjusted according to the needs of user departments. The average unit costs of all 13 floors reconfigured to date are $828,215 and $403,226 for construction and systems furniture, respectively. It is proposed to continue to estimate unit costs per floor for

subsequent phases on the basis of the unit costs of the tailored contracts executed in May 2017 (see A/73/370 and A/73/370/Corr.1, paras. 23, 24 and 26).

13. Upon enquiry, the Advisory Committee was provided with the table below on the actual costs per floor based on the construction and systems furniture contracts.

Table 2
Actual costs per floor
(United States dollars)

Secretariat floor	*Date completed*	*Construction*	*Systems furniture*	*Total*
18[a]	Jun. 2016	890 954.03	403 125.00	1 294 079.03
19[a]	Jun. 2016	1 042 051.50	419 580.00	1 461 631.50
13[a]	Jun. 2016	984 738.67	506 280.00	1 491 018.67
Subtotal 2016		**2 917 744.20**	**1 328 985.00**	**4 246 729.20**
12[a]	Jul. 2017	805 367.00	306 114.90	1 111 481.90
20[b]	Oct. 2017	764 178.88	340 361.79	1 104 540.67
21	Oct. 2017	823 639.00	436 688.18	1 260 327.18
14	Feb. 2018	797 312.00	425 482.45	1 222 794.45
30	Mar. 2018	820 978.00	391 546.34	1 212 524.34
31	Apr. 2018	930 954.00	435 207.97	1 366 161.97
Subtotal 2017		**4 942 428.88**	**2 335 401.63**	**7 277 830.51**
17	May. 2018	722 271.00	364 976.46	1 087 247.46
7[b]	Aug. 2018	602 656.00	440 154.57	1 042 810.57
11	Jul. 2018	776 483.00	384 715.08	1 161 198.08
10	Aug. 2018	805 207.00	387 702.80	1 192 909.80
Subtotal 2018		**2 906 617.00**	**1 577 548.91**	**4 484 165.91**

[a] For construction on these floors, existing on-call contracts were used.
[b] Partial floor.

14. Regarding unit costs for goods and services, the Advisory Committee was informed upon enquiry that white noise devices had been installed on each floor to help reduce noise levels in open floor plans, at a cost of $27,500 per floor. **The Advisory Committee is of the view that future reports of the Secretary-General should include the unit costs of goods and services procured under the construction and systems furniture categories.**

15. The report states that the total cost of the project remains at $54,981,400, of which an amount of $21,648,500 was incurred during the period 2015–2017. The Secretariat does not expect any deviation from the authorized amount of $12,700,600 for 2018 expenditure. The actual expenditure in 2018 as at 31 July 2018 was $8,793,270. The cost to complete the revised project schedule during the period 2019–2020 is $20,632,300, of which $12,700,600 would be required in 2019 and $7,931,700 would be required in 2020 (see A/73/370 and A/73/370/Corr.1, paras. 36 and 37).

16. The Secretary-General states that savings in rental costs of $18,814,600 are estimated for the biennium 2018–2019, and therefore the majority of the project costs of $25,401,200 for the period can be met through the use of the savings of $18,814,600 in rental costs, leaving remaining funding requirements of $6,586,600

that would need to be appropriated for the next phases of the project in 2019 (see A/73/370 and A/73/370/Corr.1, para. 47).

17. The report further indicates that, during the period of full implementation of the flexible workplace project over the six-year period from 2015 to 2020, the Organization would save $57.8 million in rental costs to the end of 2021, resulting from the termination of the leases of three commercial buildings. Implementation of the project would therefore result in net savings in the amount of $2.8 million to the Organization over the period 2015–2021 (see A/73/370 and A/73/370/Corr.1, para. 48).

18. The Committee was provided upon enquiry with the table below giving a breakdown of rental savings from 2017 to 2019 by month and by building.

Table 3
Breakdown of rental savings from 2017 to 2019

(United States dollars)

		Buildings		
Year	*Month*	*Daily News*	*UNFCU*	*Innovation*
2017	May	201 713		
	Jun.	201 713		
	Jul.	201 713		
	Aug.	201 713		
	Sep.	201 713		
	Oct.	201 713		
	Nov.	201 713		
	Dec.	201 713		
2017 savings		**1 613 700**		
2018	Jan.	201 713		
	Feb.	201 713		
	Mar.	201 713		
	Apr.	201 713		
	May	201 713	299 058	
	Jun.	201 713	299 058	
	Jul.	201 713	299 058	
	Aug.	201 713	299 058	
	Sep.	201 713	299 058	
	Oct.	201 713	299 058	855 558
	Nov.	201 713	299 058	855 558
	Dec.	201 713	299 058	855 558
2018 savings		**7 379 688**		
2019	Jan.	201 713	299 058	855 558
	Feb.	201 713	299 058	855 558
	Mar.	201 713	299 058	855 558
	Apr.	201 713	299 058	855 558
	May	201 713	299 058	855 558
	Jun.	201 713	299 058	855 558

		Buildings		
Year	*Month*	*Daily News*	*UNFCU*	*Innovation*
	Jul.	201 713	299 058	855 558
	Aug.	201 713	299 058	855 558
	Sep.	201 713	299 058	855 558
	Oct.	201 713	299 058	855 558
	Nov.	201 713	299 058	855 558
	Dec.	201 713	299 058	855 558
2019 savings			**16 275 942**	

19. The Advisory Committee was also informed upon enquiry that the additional capacity to be created by the project on the remaining floors in the Secretariat would reduce the overall requirements for lease space over time and would be taken into consideration during all upcoming lease negotiations. **The Advisory Committee is of the view that detailed information on rental savings should be provided in future reports of the Secretary-General.**

V. Conclusion

20. The proposed actions to be taken by the General Assembly are set out in paragraph 51 of the report. **Subject to its recommendations and observations above, the Advisory Committee recommends that the General Assembly:**

(a) **Approve the implementation of further phases of the project as indicated in the schedule shown in section VIII of the report of the Secretary-General and in accordance with the project cost plan in section IX of that report;**

(b) **Approve the continuation of three temporary positions (1 P-5, 1 P-4 and 1 General Service (Other level)) for the project team in 2019;**

(c) **Authorize the Secretary-General to enter into commitments up to the amount of $12,700,600 in respect of the project costs in 2019;**

(d) **Appropriate the amount of $6,586,600 under component 5, Division of Administration, New York, of subsection 29B, Department of Operational Support, of the programme budget for the biennium 2018–2019, which would represent a charge against the contingency fund;**

(e) **Request the Secretary-General to submit the next report to the General Assembly at the main part of its seventy-fourth session.**